

Senate File 391 - Introduced

SENATE FILE _____
BY JOHNSON

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act authorizing issuance of group health insurance policies to
2 health benefit purchasing cooperatives.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1654SS 83
5 av/rj/5

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1 1 Section 1. Section 509.1, Code 2009, is amended by adding
2 the following new subsection:
1 3 NEW SUBSECTION. 8A. A single policy of group health
1 4 insurance coverage issued by a carrier to a health benefit
1 5 purchasing cooperative, subject to the following requirements:
1 6 a. The policy provides group health insurance to eligible
1 7 members and employees of members of a health benefit
1 8 purchasing cooperative, and to the spouses and dependents of
1 9 such members and employees.
1 10 b. The policy is issued to a health benefit purchasing
1 11 cooperative which meets all of the following requirements:
1 12 (1) The purpose of the health benefit purchasing
1 13 cooperative is to provide health care benefits for individuals
1 14 who meet the specified membership criteria through a contract
1 15 with a carrier.
1 16 (2) The health benefit purchasing cooperative is organized
1 17 on a membership basis with no capital stock.
1 18 (3) Any person that does business in, is located in, has a
1 19 principal office in, or resides in the geographic area in
1 20 which a health benefit purchasing cooperative is organized,
1 21 that meets the membership criteria established by the health
1 22 benefit purchasing cooperative in its bylaws, and that pays
1 23 the membership fee may be a member of the health benefit
1 24 purchasing cooperative. The commissioner shall designate, by
1 25 rules, five geographic areas in the state in which health
1 26 benefit purchasing cooperatives may be organized. A
1 27 geographic area may overlap with one or more other geographic
1 28 areas designated.
1 29 (4) A health benefit purchasing cooperative may limit
1 30 membership of self-employed individuals through its membership
1 31 criteria, but such criteria must be applied in the same manner
1 32 to all self-employed individuals.
1 33 (5) All members of the health benefit purchasing
1 34 cooperative receive their health care benefits under the same
1 35 group health care policy negotiated between the health benefit
2 1 purchasing cooperative and the carrier.
2 2 c. The policy offers coverage to all of the following:
2 3 (1) An individual who is a member, officer, or eligible
2 4 employee of a member of the health benefit purchasing
2 5 cooperative.
2 6 (2) A self-employed individual who is a member of the
2 7 health benefit purchasing cooperative.
2 8 (3) A dependent of an individual under subparagraph (1) or
2 9 (2) who receives coverage under the policy.
2 10 d. The contract between the health benefit purchasing
2 11 cooperative and a carrier shall be for a term of three years.
2 12 Upon enrollment in the carrier's group health care policy or
2 13 plan, each member pays to the health benefit purchasing
2 14 cooperative an amount determined by the cooperative that is
2 15 not less than the member's applicable premium for the
2 16 thirty-sixth month of coverage under the contract. If a
2 17 member withdraws from the cooperative before the end of the
2 18 contract term, the cooperative may retain, as a penalty, an

2 19 amount specified by the cooperative that is not less than the
2 20 premium that the member paid for the thirty=sixth month of
2 21 coverage.
2 22 e. A carrier that contracts under this subsection with a
2 23 health benefit purchasing cooperative that provides health
2 24 care benefits for more than fifty individuals who are members
2 25 or employees of members of the cooperative, is not a small
2 26 employer carrier, with respect to the contract between the
2 27 carrier and the health benefit purchasing cooperative.
2 28 f. A health benefit purchasing cooperative that provides
2 29 health care benefits through a contract with a carrier shall
2 30 submit to the commissioner of insurance and to the general
2 31 assembly annually, no later than December 15, a report on the
2 32 progress of the health benefit purchasing cooperative
2 33 arrangement provided for under this subsection including to
2 34 the extent available:
2 35 (1) The extent to which the health benefit purchasing
3 1 cooperative had an impact on the number of uninsured in the
3 2 geographic area in which it operated.
3 3 (2) The effect on health care coverage premiums for groups
3 4 in the geographic area in which the health benefit purchasing
3 5 cooperative operated, including groups other than the health
3 6 benefit purchasing cooperative.
3 7 (3) The degree to which health care consumers were
3 8 involved in the development and implementation of the health
3 9 benefit purchasing cooperative.
3 10 g. As used in this subsection:
3 11 (1) "Carrier" means the same as defined in section 513B.2.
3 12 (2) "Eligible employee" means the same as defined in
3 13 section 513B.2.
3 14 (3) "Group health insurance coverage" means the same as
3 15 defined in section 513B.2.
3 16 (4) "Small employer" means the same as defined in section
3 17 513B.2.
3 18 (5) "Small employer carrier" means the same as defined in
3 19 section 513B.2.

3 20 EXPLANATION

3 21 This bill authorizes the issuance of a policy of group
3 22 health insurance by a carrier to a health benefit purchasing
3 23 cooperative provided that certain requirements are met.
3 24 First, there must be a single policy of group health
3 25 insurance coverage that is issued to a health benefit
3 26 purchasing cooperative to provide health insurance to members
3 27 and eligible employees of members of the cooperative and to
3 28 their spouses and dependents. The health benefit purchasing
3 29 cooperative must be organized on a membership basis with no
3 30 capital stock for the purpose of providing health care
3 31 benefits for individuals who meet specified membership
3 32 criteria. Any person doing business, located in, with a
3 33 principal office in, or residing in the geographic area in
3 34 which the cooperative is organized must be offered membership.
3 35 The commissioner of insurance is required to designate, by
4 1 rule, five geographic areas in the state in which such
4 2 cooperatives may be organized. A cooperative may limit
4 3 membership of self=employed individuals through membership
4 4 criteria as long as the criteria are applied equally to all
4 5 self=employed individuals.
4 6 The health insurance contract must be for a term of three
4 7 years and upon enrollment each member is required to pay an
4 8 amount to the cooperative not less than the member's
4 9 applicable premium for the thirty=sixth month of coverage. If
4 10 a member withdraws from the cooperative before the end of the
4 11 contract term, not less than that amount may be retained by
4 12 the cooperative as a penalty.
4 13 A carrier that contracts with a health benefit purchasing
4 14 cooperative that provides health care benefits for more than
4 15 50 individuals who are members or employees of members of the
4 16 cooperative, is not a small employer carrier with respect to
4 17 the contract between the carrier and the health benefit
4 18 purchasing cooperative.
4 19 A health benefit purchasing cooperative is required to
4 20 submit an annual progress report to the commissioner of
4 21 insurance and the general assembly with available information
4 22 about the effect of the cooperative on the area's uninsured,
4 23 on area group health care coverage premiums, and on the degree
4 24 of consumer involvement in the development and implementation
4 25 of the cooperative.
4 26 As used in the bill, "carrier", as defined in Code section
4 27 513B.2, means an entity subject to the insurance laws and
4 28 regulations of this state, or subject to the jurisdiction of
4 29 the commissioner, that contracts to provide health care

4 30 services. "Eligible employee", as defined in Code section
4 31 513B.2, means an employee who works on a full-time basis and
4 32 has a normal workweek of 30 or more hours, including a sole
4 33 proprietor, a partner of a partnership, and an independent
4 34 contractor who is included as an employee under health
4 35 insurance coverage of a small employer. "Group health
5 1 insurance coverage", as defined in Code section 513B.2, means
5 2 benefits consisting of health care provided directly, through
5 3 insurance or reimbursement, or otherwise and including items
5 4 and services paid for as health care under a hospital or
5 5 health service policy or certificate, hospital or health
5 6 service plan contract, or health maintenance organization
5 7 contract offered by a carrier. A "small employer", as defined
5 8 in Code section 513B.2, means a person actively engaged in
5 9 business, who on at least 50 percent of the employer's working
5 10 days employed not less than two and not more than 50 full-time
5 11 employees. "Small employer carrier", as defined in Code
5 12 section 513B.2, means any carrier covering the employees of a
5 13 small employer.
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